

Exhibit B

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF NEW YORK

Docket No.: 1:16-cv-5171 (PKC) (RML)

- - - - - x

THE LINCOLN NATIONAL LIFE INSURANCE COMPANY,
Plaintiff,

- against -

ELI INZLICHT-SPREI, individually, as trustee
and/or beneficiary of the SARA SPREI FAMILY
TRUST, and as Executor of the ESTATE OF SARA
SPREI; AVI ROSENFELD, as trustee of the SARA
SPREI FAMILY TRUST; ALAN RUBENSTEIN, as
trustee of the SARA SOREI FAMILY TRUST; and
WELLS FARGO BANK, N.A.,

Defendants.

- - - - - x

WELLS FARGO BANK, N.A.,

Cross-Claim Plaintiff,

- against -

ALAN RUBENSTEIN, as trustee of the SARA
SPREI FAMILY TRUST,

Cross-Claim Defendant.

- - - - - x

90 Park Avenue
New York, New York
December 12, 2017
11:32 a.m.

VIDEOTAPED DEPOSITION of HERMAN SEGAL, taken
before Brittany Saline, a Professional Shorthand
Reporter and Notary Public of the State of New
York, pursuant to the Federal Rules of Civil
Procedure.

1
2 MS. QUIRÓS: Courtney Quirós with
3 Alston & Bird representing Wells
4 Fargo.

5 MR. PANETH: Michael Paneth,
6 Paneth & O'Mahony, representing Alan
7 Rubenstein as trustee of the Sara
8 Sprei Family Trust.

9 THE WITNESS: Herman Segal,
10 witness.

11 MR. KROLL: Gerry Kroll
12 representing Eli Inzlicht-Sprei. And
13 I would just like to have the record
14 corrected by the videographer, that
15 the deposition is not being taken by
16 the plaintiff. Plaintiff has been --
17 it is being taken by the defendant,
18 Wells Fargo.

19 MR. SAWICKI: I think he said
20 claimant.

21 MR. VIDUCICH: And Robert
22 Viducich-Schultz on behalf of Dr. Eli
23 Inzlicht.

24 H E R M A N S E G A L, the witness herein,
25 having been duly affirmed to tell the truth, the

1 Herman Segal
2 whole truth, and nothing but the truth relating to
3 said matter, was examined and testified as
4 follows:

5 THE WITNESS: I so affirm.

6 BY MR. SAWICKI:

7 Q Thank you. Good morning,
8 Mr. Segal. Thank you for coming.

9 Would you please show your
10 driver's license to the video camera before
11 we start?

12 A (Complying.)

13 THE VIDEOGRAPHER: Okay.

14 Q Thank you.

15 You indicated, Mr. Segal, that
16 your home address is 4115 Quentin Road; is
17 that correct?

18 A Yes, it is.

19 Q In Brooklyn?

20 A Yes, it is.

21 Q And how long have you lived
22 there?

23 A About 16 years.

24 Q Where did you grow up?

25 A I grew up in Brooklyn in Borough

1 Herman Segal

2 because they weren't within the statutory
3 definition of viatical, which is imminent
4 death of a year or two, but they still had
5 a value as far as selling them.

6 Q And when you say policies on
7 older people, do you mean life insurance
8 policies?

9 A Yes, I do.

10 Q When did you start engaging in
11 life insurance policy transactions?

12 A I had been buying policies over
13 the years as an investor and then in 2007,
14 approximately, I started going into the
15 business of procuring the policies and
16 actually taking out policies as well as
17 selling them.

18 Q Okay. And how long did you
19 engage in that activity?

20 A The business was about -- about
21 four years, five years, and then sometime
22 in approximately 2010, 2011, the business
23 atmosphere for this type of business, which
24 was life settlement, became untenable and
25 it was no longer viable.

1 Herman Segal

2 identification as Exhibit 142 as of
3 this date.)

4 A (Perusing.) Pen by chance?

5 Q Sure. Remember, Herman, don't
6 write on the originals there.

7 Do you want a piece of paper?

8 A If I can have a pad or something,
9 please.

10 Q Yeah, sure.

11 A It's good you reminded me. Thank
12 you.

13 Q Ready. Mr. Segal, I put before
14 you what we've marked as Sprei -- or
15 Exhibit No. 142 in this case. It is a New
16 York Department of State Division of
17 Corporations form for an entity named Omega
18 Venture Capital Limited. The initial
19 filing was in December of 2005.

20 Is this an entity that you formed
21 in or about December 2005?

22 A Yes, it was.

23 Q And is 1243 48th Street,
24 Brooklyn, New York 11219 a business address
25 of yours in 2005?

1 Herman Segal

2 A Yes, it was.

3 MR. SAWICKI: Gerry, I'm going to
4 do Signature Premium Funding next.

5 MR. KROLL: Okay. I know where
6 these are already. I know that.

7 MR. SAWICKI: Yeah, okay.
8 Thanks.

9 (Two-page document was marked for
10 identification as Exhibit 143 as of
11 this date.)

12 Q All right. Before we -- before
13 we go on to the next exhibit, Mr. Segal,
14 let me ask you about Omega Venture Capital.

15 What was the business that that
16 entity engaged in?

17 A It was just a catchall -- alter
18 ego, any time that I was doing anything
19 other than using my name, I would use Omega
20 Venture Capital.

21 Q Okay. I put before you Exhibit
22 No. 143, which is another New York
23 Department of State Division of
24 Corporations form for an entity called
25 Signature Premium Funding Limited.

1 Herman Segal

2 entities?

3 A Yes, it was.

4 Q Now, with respect to all -- well,
5 we will do that next.

6 What was the business of
7 Centurion Settlements?

8 A Also the intent in this was
9 selling policies, buying policies, hence
10 the name settlements.

11 Q Okay. Let's do one more.

12 (Two-page document was marked for
13 identification as Exhibit 145 as of
14 this date.)

15 Q Mr. Segal, Exhibit No. 145 is
16 another department of -- New York
17 Department of State Division of
18 Corporations form for an entity called
19 Signature Capital Group Limited, also
20 formed in June of 2007.

21 Is this another one of your
22 entities?

23 A Well, used my entities, that I
24 did form it and I was involved with it, but
25 I wasn't the necessarily the sole owner.

1 Herman Segal

2 Q Okay. What -- were you a part
3 owner of Signature Capital Group Limited?

4 A Yes, I was.

5 Q What about the other three
6 entities, Signature Premium Funding,
7 Centurion Settlements, and Omega Venture
8 Capital, were you the sole owner of all
9 three of those entities?

10 A No, Omega Venture Capital I was
11 the sole owner. Signature Premium Funding
12 and Centurion Settlements, the Premium
13 Funding, I'm pretty sure we never did
14 anything, but Centurion Settlements when we
15 opened bank accounts, I specifically recall
16 that there were other signatories.

17 Q Who were they on the Centurion
18 Settlements?

19 A They were Alan Spiegel and his
20 brother Steven Spiegel.

21 Q So to the best of your memory,
22 were they part owners of that Centurion
23 Settlements business -- entity rather?

24 A Well, when you say part owners,
25 shares were never actually distributed. To

1 Herman Segal

2 the best of my recollection, there were
3 different bank accounts and different banks
4 and I opened an account in one bank and the
5 Spiegels opened an account in another bank
6 and to that extent we were partners.

7 Q Okay. And did you -- by
8 partners, did you share in the proceeds and
9 profits from the business activities of
10 Centurion Settlements?

11 A It was often hard to
12 differentiate between what profits were
13 attached to what part of the transaction in
14 the policy, but the intent was that we
15 would be equal partners in the settlement
16 aspect or at least when we were both
17 involved in settling the policy.

18 Q Okay. And what about Signature
19 Capital Group, what was the purpose of that
20 business entity?

21 A That was the entity that was
22 primarily involved in writing the policies.

23 Q Did Signature Capital Group have
24 licensed insurance agents as employees?

25 A Yes, it did.

1 Herman Segal

2 Q Was your son, William Segal, a
3 licensed insurance agent who worked for
4 Signature Capital Group in the 2007 to 2010
5 time frame?

6 A Yes, he was.

7 Q Was your son, William Segal, a
8 part owner of Signature Capital Group?

9 A Not at the beginning, but
10 somewhere along the way, yeah -- yes.

11 Q Were the Spiegels also part
12 owners of that business?

13 A I don't think so.

14 Q Was another one of the owners
15 Nathan Berger, another life insurance agent
16 who worked there?

17 A At some point. At some point he
18 left the business.

19 Q Okay.

20 A And at some point he was a
21 partner.

22 Q Was Signature Capital Group a
23 licensed general agency for life insurance
24 companies?

25 A No.

1 Herman Segal

2 Q But did you work through any
3 licensed general agents for life insurance
4 companies in connection with the business
5 activities of Signature Capital?

6 A Yes, we did.

7 Q Which ones?

8 A Primarily would be -- was the
9 general agent was Innovative -- which was
10 convenient, around the corner from our
11 office.

12 Q Was it Innovative Brokers?

13 A I believe so, yes.

14 Q Any others?

15 A There may have been one or two
16 policies that were written through another
17 general agent, but I'm not sure, I was
18 really not involved in that aspect of the
19 business.

20 Q Okay. Now, let me ask you to
21 explain a little more detail of the nature
22 of these life insurance policy
23 transactions.

24 You indicated that you got
25 involved particularly through the Signature

1 Herman Segal

2 Capital Group entity with procuring life
3 insurance policies on -- were the -- who
4 were the insureds that you were writing
5 policies on at the -- in the 2007 to 2010
6 time frame?

7 A Any one who fit the criteria.

8 Q And what were the criteria,
9 generally speaking?

10 A Age had to be at least in the 70s
11 or above, health had to be reasonably good,
12 so that we would get, at a minimum, a
13 standard rating, if not a preferred rating.

14 Q And what impact did the
15 standard -- did the rating have on -- on
16 the procurement of the policy?

17 A Well, if the rating was
18 preferred, the premiums would be cheaper
19 and, hence, the policy would be more
20 valuable in a few years, when the policy
21 was intended to be sold.

22 Q Any other criteria besides for
23 age and health?

24 A Well, the family had to be able
25 to show substantial assets, so that the

1 Herman Segal

2 insurance companies would agree to issue
3 larger amount policies, because we weren't
4 interested in doing small policies and the
5 family -- and the insured had to be onboard
6 with the entire business.

7 Q And what was the entire business?

8 What was the business concept for procuring
9 these policies on elderly people with
10 decent health able to show substantial net
11 worth?

12 A That subsequent to the two-year
13 contestability periods, the policies would
14 be sold.

15 Q Sold to whom or what type of
16 entity?

17 A Well, there was hedge funds that
18 were buying these policies.

19 Q Okay. And what is the
20 significance of the two-year contestability
21 period?

22 A Well, the -- no hedge fund would
23 buy a policy unless it was at least two
24 years old because they were never sure that
25 the insurance company would pay out the

1 Herman Segal

2 death benefit if the person died prior to
3 the two-year period.

4 Additionally, the insurance
5 companies were suspect of any policies that
6 were transferred within the two years, and
7 that, in and of itself, could cause an
8 investigation.

9 Q Okay. Was it your understanding
10 that the life insurance companies who were
11 issuing these policies had the right under
12 their insurance contracts and/or the law to
13 contest the validity of the policies during
14 that initial two-year period?

15 A They definitely had the right
16 to -- to challenge a policy within the
17 two-year period for factors such as
18 insurable interest and assets.

19 Q Okay. And was that part of the
20 reason that you decided to wait for more
21 than two years before you turn around and
22 try to sell the policies to hedge funds and
23 others?

24 A Yes, there was no market within
25 two years.

1 Herman Segal

2 Q Okay. In this case, we have a
3 20 million-dollar insurance policy issued
4 by Lincoln National on the life of a woman
5 named Sara Sprei, S-P-R-E-I.

6 Were -- were you and Signature
7 Capital involved in procuring this -- the
8 policy at issue?

9 A When you say "procuring," do you
10 mean did we write the policies?

11 Q Yes.

12 A Yes, we did.

13 Q Okay. For a -- a policy with a
14 faceup value of \$20 million on an elderly
15 woman who had decent health, generally
16 speaking, what was the range of the annual
17 premiums due and owing on that policy?

18 A The premiums depended on the age
19 and depended on if it was standard or
20 preferred and if the premiums were --
21 originally they were set up to be level
22 payments, but in actuality, the cost of
23 insurance would obviously go up the older
24 the person paid.

25 Q Okay. And what -- what dollar

1 Herman Segal

2 Q And what was the commission
3 payable to the insurance agent on a
4 20 million-dollar policy with the first
5 year premium of about \$1 million?

6 A It would be close to 100 percent.

7 Q Or a million dollars?

8 A Yes.

9 Q And in this case, was your son,
10 William Segal, the insurance agent on the
11 Sara Sprei policy?

12 A Yes, he was.

13 Q Does that mean that he was due
14 the million dollars in commissions that
15 were generated from the sale -- or the
16 issuance of the policy?

17 A No. We used Signature Capital as
18 the entity that would get the commission.

19 Q Okay. Now, as part of -- of --
20 you indicated that the family of the
21 insured would have to be onboard for the
22 entire transaction.

23 Does that mean that they were
24 made aware that the policy would be sold
25 after the two-year period and had to agree

1 Herman Segal

2 to that concept?

3 A Well, they always had the right
4 to keep the policy, if they wanted to, but
5 that would --

6 MR. SAWICKI: Go off the record
7 again.

8 THE VIDEOGRAPHER: The time now
9 is approximately 12:04. We're going
10 off the record.

11 (Discussion was held off the
12 record.)

13 THE VIDEOGRAPHER: The time is
14 12:07 p.m. We're back on the record.

15 BY MR. SAWICKI:

16 Q Thank you. Mr. Segal, you
17 indicated that the family had the right to
18 keep the policy. Was the initial concept
19 that -- strike that.

20 Was it contemplated that the
21 family would be paying the initial premium
22 as part of the issuance of this large life
23 insurance policy?

24 A If they did, they would be
25 reimbursed relatively quickly, but no,

1 Herman Segal

2 usually they would not make the premium in
3 the sense that they would risk any money.

4 Q Okay. What was the source of the
5 funding for the initial premium?

6 A Depending on the carrier and
7 depending on the situation, usually, we
8 would use Himelsein and Mandel to fund the
9 policies.

10 Q Is one of their entities known
11 as -- or called HM Ruby?

12 A Yes, that was the entity that was
13 used.

14 Q Okay. If the family decided that
15 they did not want to keep the policy after
16 its issuance, was it contemplated that the
17 family would be personally responsible for
18 any of the insurance premiums between the
19 time of issuance and the sale of the
20 policy?

21 A No, of course not. There was a
22 put option that was simultaneously executed
23 with the loan documents and the put option
24 allowed the family or the trustee to give
25 up the policy to the HM Ruby Fund and the

1 Herman Segal

2 loan would then become nonrecourse.

3 Q Okay. When these policies were

4 procured or written, as you said, and

5 issued by the insurance policy, who was set

6 up to be the -- who or what entity was set

7 up to be the owner of the policy?

8 A Specifically in this case or in

9 general?

10 Q Generally speaking first.

11 A Generally speaking, it would be a

12 trust that was set up.

13 Q In the nature of a life insurance

14 trust?

15 A Yes.

16 Q In the name of the family?

17 A In the name of the insured.

18 Q Okay. And who was selected to be

19 the trustee of this life insurance trust?

20 A Any attorney who was okay with

21 this type of arrangement.

22 Q Why were attorneys used or

23 selected to be the trustees of these

24 trusts?

25 A Oh, in addition to the fact that

1 Herman Segal

2 there was a lot of money involved and we
3 needed someone that was trustworthy, the
4 lender required either an attorney or a
5 CPA, so that they would have a certain
6 amount of comfort.

7 Q And the lender being HM Ruby
8 generally?

9 A Yes.

10 Q Okay. Let's talk more
11 specifically about -- strike that.

12 You indicated that Steven Spiegel
13 and Alan Spiegel had some ownership or
14 partnership interest in these entities
15 we've identified. Were either of them
16 licensed insurance agents?

17 A They were not.

18 Q Were you a licensed insurance
19 agent?

20 A I was not.

21 Q What role did -- if any, did
22 Mr. Alan Spiegel and Steven Spiegel play in
23 connection with these life insurance
24 transactions?

25 A Firstly, they were the ones who

1 Herman Segal

2 connected the HM Ruby Fund to Signature
3 Capital and that was the source of most of
4 the funding of our policies. And secondly,
5 they would procure insureds.

6 Q And by procuring insureds, what
7 did you mean -- what do you mean?

8 A They would find clients to write
9 policies on.

10 Q And then how would you and your
11 partners go about finding persons or
12 entities to buy these insurance policies
13 after the two-year contestability period
14 passed?

15 A It was a healthy market of
16 companies who bought life settlements and
17 were brokers who would find a buyer.

18 Q And are these brokers known as
19 life settlement brokers?

20 A Yes, they were.

21 Q Is this a separate -- was this a
22 regulated business in the 2007 to 2010 time
23 frame?

24 A It became regulated during that
25 time frame.

1 Herman Segal

2 A Only subsequent to the policy
3 being issued.

4 Q Did you become -- when you met
5 Mr. or Dr. Inzlicht-Sprei, did you become
6 aware that your son, William Segal, had
7 been involved in the procurement of the
8 policy on Sara Sprei?

9 A Yes.

10 MR. SAWICKI: Gerry, I'm going to
11 Exhibit No. 40 in this case. The
12 handwritten agreement.

13 MR. KROLL: Okay. Just -- can
14 you give me one second to pull it up.
15 That's not in the documents that were
16 sent, right --

17 MS. GWOREK: Yes, it is.

18 MR. KROLL: It is on there, okay.
19 I will put it up.

20 MS. GWOREK: It's 2008/4/28 date,
21 Exhibit 40.

22 MR. KROLL: Okay. Cool. Hold on
23 one second. I -- hold on. Got it.
24 We have it. Thank you. Got it.

25 MR. SAWICKI: Okay. Great.

1 Herman Segal

2 (One-page handwritten agreement
3 previously marked for identification
4 as Exhibit 40 on 10/20/17.)

5 Q Mr. -- Mr. Segal, Exhibit No. 40
6 is a handwritten agreement that Dr. Eli
7 Inzlicht-Sprei has already testified that
8 he entered into and signed.

9 Is that your signature on the
10 bottom of this one-page agreement?

11 A It appears so, yes.

12 Q Did you enter into this agreement
13 with Mr. -- with Dr. Eli Inzlicht-Sprei on
14 or about April of 2008?

15 A Apparently I did.

16 Q And was this an agreement related
17 to the Lincoln National policy on Ms. Sara
18 Sprei?

19 A Yes, it was.

20 Q Did you agree with
21 Dr. Inzlicht-Sprei as it says in No. 1 that
22 the premium payments for that policy will
23 be made by Signature Capital whether
24 directly or through third parties?

25 A Yes.

1 Herman Segal

2 Q Did you also agree that the
3 trustee would be agreed to in advance by
4 both parties?

5 A Yes.

6 Q And is that the trustee for the
7 life insurance trust that would be the
8 owner of the policy?

9 A Yes. The trustee of the trust
10 that owned the policy, yes.

11 Q Did you also agree with
12 Dr. Inzlicht-Sprei, as it says in No. 3,
13 that upon the sale of the policy or the
14 death of the insured, 5 percent of the
15 gross proceeds would go to the doctor and
16 the remaining 95 percent will go to
17 Signature Capital?

18 A That's what it says, but there
19 were other things that were understood that
20 weren't necessarily listed --

21 Q What other things?

22 A He was a client of Spiegel, I did
23 not know him until the policy was already
24 written or was about to be written or was
25 already in effect, so to speak. He wanted

1 Herman Segal
2 something in writing, most people did not.
3 Most agreements were done just by
4 handshake.

5 So it does say 5 percent, but the
6 understanding was that if there was a
7 sudden death and they actually paid out,
8 that he would get 10 percent.

9 Q So if Mr. Sara Sprei died and
10 \$20 million were paid out, you had an
11 understanding that Dr. Inzlicht-Sprei, that
12 he would get \$2 million and Signature
13 Capital would get \$18 million?

14 A That's correct.

15 Q But in the -- according to this
16 agreement, in the event of the sale of the
17 policy, prior to Ms. Sprei's death, did
18 this paragraph 3 control that is that
19 Dr. Inzlicht-Sprei was -- was supposed to
20 get 5 percent of the proceeds of the sale
21 of the policy and 95 percent would go to
22 Signature Capital?

23 A No. He certainly would have had
24 the right to make a decision as to what he
25 wanted the policy to go forward if -- in

1 Herman Segal

2 other words, if, for example, we were
3 lapsing the policy, he would have the right
4 to say don't lapse it, I will pay it going
5 forward. If he was selling it, he would
6 have the right to say let me buy it,
7 et cetera.

8 Q Okay.

9 A And that's not anywhere in this
10 agreement.

11 Q Are you saying it was
12 contemplated that he would be informed as
13 to what Signature Capital intended to do
14 with the policy and given them the option
15 to take it over or --

16 A Yes. The understanding was that
17 on all of our clients that they had input
18 after two years what we would do with it.

19 Q Okay. The next paragraph in this
20 agreement, Exhibit 40, says that nothing
21 obligates Signature Capital to maintain the
22 policy, however, should they -- and the
23 "they" being Signature Capital -- elect to
24 lapse the policy, Signature Capital will
25 pay Dr. Inzlicht-Sprei \$50,000 as

1 Herman Segal

2 compensation.

3 Was that part of your agreement
4 with Dr. Inzlicht-Sprei?

5 A Yes, it was. I mean, we didn't
6 make commission on the policy and he was
7 supposed to get a portion of the entire
8 profit on the policy, even though, when
9 these policies were financed, we didn't
10 keep anywhere near the entire commission,
11 HM Ruby took a chunk of it. It was through
12 money that was made on the policy, so
13 that's why the 50,000 was not lost to us,
14 it was part of the profit.

15 Q Okay. Paragraph 5 says that
16 Signature Capital will fund the initial
17 premium by wiring money to the doctor, it
18 will then forward the money to Lincoln, the
19 insurance company and/or the trustee.

20 Was that your agreement with
21 Dr. Inzlicht-Sprei?

22 A Yes. Even though, many a time,
23 they would change their mind and I'm not
24 sure I recall if this happened in this
25 case, many a time they decided not to do it

1 Herman Segal

2 that way, either timing-wise, we didn't
3 have enough cash flow or time to put the
4 money into the account and sometimes they
5 didn't want to do it because their
6 accountant told them not to do it, they
7 didn't want to be involved.

8 It was depending on each
9 situation. But in a perfect world, that's
10 how it would have gone.

11 Q Okay. In any event, it was
12 contemplated that Dr. -- neither Dr.
13 Inzlicht-Sprei nor his family would be
14 personally responsible for the initial
15 premium payment, correct?

16 A That's correct, yes.

17 Q Well, before we go on to the next
18 thing, let me go ahead and ask, paragraph 6
19 talks about an alternative dispute
20 resolution mechanism for any disputes
21 between you and Dr. Inzlicht-Sprei about
22 this agreement.

23 What is a Beit Din?

24 A It's a religious court.

25 Q Okay. To your knowledge, has

1 Herman Segal

2 Dr. Inzlicht-Sprei ever brought a claim
3 against you or Signature Capital in a Beit
4 Din concerning this agreement, Exhibit 40?

5 MR. KROLL: Objection.

6 A No, he has not.

7 Q Have you ever initiated a claim
8 or -- in a Beit Din concerning this
9 agreement?

10 A I have not.

11 MR. SAWICKI: Next exhibit,
12 Gerry, is No. 48 (handing).

13 MR. KROLL: 48 and what -- let me
14 try to just pull that up, hold on.
15 What --

16 MR. SAWICKI: It's the trust
17 agreement.

18 MS. GWOREK: It's 2008/03.

19 MR. KROLL: Hold on. 48. Got
20 it. Thank you.

21 (20-page Sara Sprei Family Trust
22 Agreement previously marked for
23 identification as Exhibit 48 on
24 10/20/17.)
25

1 Herman Segal

2 A Well, there came a point in time
3 when there was friction between the
4 Spiegels and the Segals and at that point
5 there were -- there was basically a
6 dissolution of the partnership, there was
7 acrimony, there was animosity, and Mr. Alan
8 Rubenstein had allied himself or at least
9 not openly, but was my feeling that his
10 loyalties was with the Spiegels.

11 MR. SAWICKI: Okay. Gerry, we're
12 going to go to Exhibit No. 28.
13 (handing).

14 MR. KROLL: Thank you. Can you
15 give me a date, Todd.

16 MR. SAWICKI: April 1, 2008.

17 MR. KROLL: Got it. Thank you.

18 (One-page letter dated 4/1/08
19 previously marked for identification
20 as Exhibit 28 on 9/28/17.)

21 Q Mr. Segal, I put in front of you
22 Exhibit No. 28.

23 Is this a document that appears
24 on what was Signature Capital Group's
25 letterhead in 2008?

1 Herman Segal

2 A (Perusing.) Yes.

3 Q Is that your son's signature at
4 the bottom of the letter?

5 A It appears to be his signature,
6 yes.

7 Q Were you involved in the drafting
8 of this Exhibit No. 28?

9 A I have no specific recollection,
10 and to the extent if I would have been, I
11 would plead the Fifth as well.

12 Q Okay. Did Ms. Sara Sprei and her
13 family, to your knowledge, have a net worth
14 of 48 -- of about \$48 million in 2008, as
15 represented in this letter?

16 A Obviously I don't know, but --
17 and that's where I should end my statement.
18 But probably could have known that it was
19 not an accurate description and, quite
20 frankly, Lincoln knew it as well.

21 Q And by "not an accurate
22 description," do you mean that the
23 represented net worth was overstated --

24 A Yes.

25 Q -- in this letter?

1 Herman Segal

2 A (Perusing.)

3 MR. KROLL: What was that date
4 again?

5 MS. GWOREK: 2007/12/31.

6 MR. KROLL: Right. Exhibit 44.
7 I have it. Thank you.

8 (Sara Sprei & Family Statement of
9 Net Worth as of 12/31/07 previously
10 marked for identification as
11 Exhibit 44 on 10/20/17.)

12 BY MR. SAWICKI:

13 Q Mr. Segal, have you ever seen
14 this draft, Accountant's Compilation Report
15 for Sara Sprei & Family Statement of Net
16 Worth as of December 31, 2007?

17 A I don't recall seeing this, no.

18 Q If you turn to the third page of
19 the Exhibit No. 44, it references a
20 certified public accountant, Isaac J. Baum
21 in Brooklyn, New York.

22 Do you know that person?

23 A (Perusing.) I've made his
24 acquaintance, I actually went to school, I
25 think, with him, many years before.

1 Herman Segal

2 Q Do you know whether he actually
3 prepared this document, in March of 2008?

4 A I assume he did.

5 Q Do you know what he based the
6 information about the Sara Sprei and family
7 net worth on, when this report was
8 prepared?

9 A I assume that that's what he was
10 asked. It was represented that this was
11 her assets.

12 Q Do you know who made the
13 representations to him about what the Sara
14 Sprei and family assets were at the time?

15 A I do not, no.

16 Q Do you know whether it was
17 anybody at Signature Capital?

18 A Well, it was someone who had an
19 interest in the policy being written, so,
20 presumably, it was someone at Signature
21 Capital.

22 Q Okay.

23 A Possibly myself, if I -- I would
24 plead the Fifth if I was the one involved.

25 MR. SAWICKI: Gerry, next exhibit

1 Herman Segal

2 is going be Exhibit 49, the life
3 insurance policy.

4 MS. GWOREK: The date on that is
5 2008/03/25.

6 MR. KROLL: Thank you, Melanie,
7 it's a lot easier. Got it. Thank
8 you.

9 By the way, what -- what's your
10 plans in terms of lunch or -- and a
11 break or anything?

12 MR. SAWICKI: I hadn't decided
13 yet. What's everybody pleasure? Do
14 you want me to stop at 1 or 1:30?

15 MR. PANETH: I am happy to keep
16 going and get out earlier, but
17 whatever works for everyone I'm fine
18 with.

19 THE VIDEOGRAPHER: We've got to
20 switch the media at 1:00.

21 MR. SAWICKI: Okay. He's got to
22 change the tape at 1:00, so why don't
23 we break then for about 45 minutes.

24 MR. KROLL: That's fine.

25 MR. SAWICKI: For a quick bite.

1 Herman Segal

2 MR. KROLL: Okay.

3 MR. SAWICKI: Yeah, I think this
4 is going to go more quickly. This is
5 going to go more quickly than last
6 time, so we will be here --

7 THE WITNESS: Forty-five minutes
8 is a quick bite, okay.

9 MR. KROLL: Oh, okay. Quick
10 break. Well, if you want to take a
11 quick break, then it's going to be a
12 good and the reporter will be alive
13 and the videographer will be well.
14 And we'll all be good.

15 MR. SAWICKI: Yep, yep.

16 (Lincoln National Life Insurance
17 Policy previously marked for
18 identification as Exhibit 49 on
19 10/20/17.)

20 BY MR. SAWICKI:

21 Q Okay. Mr. -- Mr. Segal, I put
22 before you Exhibit No. 49, which has been
23 identified as the 20 million-dollar life
24 insurance policy on Sara Sprei.

25 Can you please turn to -- if you

1 Herman Segal

2 Q Do you know why this wire
3 transfer was sent to Dr. Inzlicht-Sprei on
4 this date, which is within a few week -- a
5 week or so after -- excuse me, a month or
6 so after this policy was issued?

7 A When you say a month after the
8 policy was issued, does that mean that
9 money had already been paid? There was a
10 premium already paid to the insurance
11 company?

12 Q We'll see.

13 A No, obviously, that would -- my
14 answer would be depending on if the premium
15 had already been paid or the premium had
16 not been paid.

17 Q Okay. If the premium had been
18 paid, what's your understanding of why you
19 were sending money to Dr. Inzlicht-Sprei on
20 this date?

21 A If somehow Dr. Sprei had laid out
22 the money and advanced the money for the
23 premium, then this was a reimbursement.

24 Q Okay. Is it possible that
25 Signature Capital Group or one of your

1 Herman Segal

2 entities advanced the initial premium
3 payment?

4 A By sending this money to
5 Dr. Sprei --

6 MR. KROLL: I object on the
7 grounds of privilege -- objection.
8 And that calls for speculation. No
9 foundation.

10 Q Okay.

11 A If the premium hadn't been paid
12 and this money was sent to Dr. Sprei and
13 then the premium was subsequently paid,
14 then that would probably be the reason.

15 Q That being that Signature Capital
16 Group or one of your entities was advancing
17 the initial premium payment?

18 A Or we had gotten the money from
19 HM Ruby and we were passing it along to pay
20 the premium.

21 Q I will represent to you,
22 Mr. Segal, that in connection with this
23 matter, a bank account was opened in the
24 name of the Sara Sprei Family Trust at
25 Chase Bank with Avi Rosenfeld as trustee.

1 Herman Segal

2 Q Do you recognize his handwriting
3 on any pages of this Exhibit No. 53?

4 A I am not that familiar with his
5 handwriting.

6 Q Okay. This document shows, and I
7 will represent to you, that the HM Ruby
8 premium financing for this Sara Sprei
9 policy was arranged in or about August of
10 2008. So a few months after the policy was
11 issued.

12 Does this give you a better
13 understanding or memory of how the initial
14 premium for the Lincoln National policy was
15 paid or funded?

16 A I'm not sure if HM Ruby ever
17 advanced money prior to the process. There
18 was a lot of money going back and forth
19 between HM Ruby and our account. But if
20 they did not send any money before the
21 application process was complete, then it
22 must be paid through general funds of
23 Signature Capital.

24 Q Who -- okay. Just for
25 convenience purposes, let me just do one

1 Herman Segal

2 BY MR. SAWICKI:

3 Q Mr. Segal, Exhibit 66 is a copy
4 of a check drawn on the Omega Venture
5 Capital Limited bank account Signature Bank
6 ending -- the account number ending in 1531
7 in the amount of \$10,000 to Eli
8 Inzlicht-Sprei.

9 Is that your signature on the --

10 A It is.

11 Q -- on the check?

12 A Yes.

13 Q Do you remember why you sent
14 Mr. -- Dr. Inzlicht-Sprei a \$10,000 check
15 on April 2009?

16 A I do not.

17 Q Do you recall whether

18 Dr. Inzlicht-Sprei had agreed to review
19 some medical records for your Signature
20 Capital Group in connection with your life
21 insurance transactions?

22 A It does sound vaguely familiar
23 that he was doing some type of work for us.
24 And the only thing I can think of is
25 reviewing files.

1 Herman Segal

2 I know we had some relationship,
3 so I do recall something, if it was on any
4 specific case or if it was on several
5 cases, but obviously it's too large an
6 amount to be on one case, so yes.

7 Q And for what purpose would you be
8 asking Dr. Inzlicht-Sprei, or any doctor
9 for that matter, to review medical records
10 in connection with transactions you -- you
11 or Signature Capital were involved in?

12 A I'm looking at the date of '09.
13 The only time we would need files reviewed
14 was either when we were buying a policy,
15 issuing a policy, or if we were selling a
16 policy, so in April of '09, I don't think
17 we were writing any more policies, so it
18 was presumably to sell a policy or maybe to
19 review a policy we were thinking of buying
20 on the secondary market. I'm not sure.

21 But there would be different
22 scenarios where we needed medical files
23 reviewed to see if something was overlooked
24 by the life expectancy companies that we
25 used to evaluate someone's life expectancy.

1 Herman Segal

2 Q Do you know whether and to what
3 extent and, if so, to what extent Mr. --
4 or Dr. Inzlicht-Sprei was made aware of the
5 purpose of the requested review?

6 A Oh, I'm sure he would have been
7 made aware of why we needed him to review
8 it, to know what to look out for.

9 So I recall a case where the
10 policy was either something we were
11 interested in buying or something we were
12 interested in selling and the AVS and 21st,
13 which were the two major companies that ran
14 life expectancies, that were used in the
15 industry to determine how long someone was
16 going to be expected to live, we used a
17 50 percent mark, that 50 percent would
18 presumably not be around at -- if the life
19 expectancy was, for example, four years, so
20 50 percent would be expected to be no
21 longer alive and 50 percent of people with
22 such a medical file would be expected to be
23 alive. And it was obvious that the person
24 was diabetic and yet since both AVS and
25 21st used computer programs and use medical

1 Herman Segal

2 personnel that don't really study a file,
3 no one had put the word "diabetic" on the
4 person's file and because of that, we were
5 able to realize that the person's life
6 expectancy was substantially shorter than
7 what they had listed.

8 MS. GWOREK: Gerry, we're going
9 to another Omega checking statement.
10 This one is 2010/08/31.

11 MR. KROLL: Okay. Just one
12 moment. Got it. Excellent. Thank
13 you.

14 (Four-page document was marked
15 for identification as Exhibit 147 as
16 of this date.)

17 BY MR. SAWICKI:

18 Q This is Exhibit 147.

19 Mr. Segal, can you confirm that
20 this is a Signature Bank bank account
21 statement for Omega Venture Capital for the
22 period ending August 31, 2010?

23 A (Perusing.) It appears to be so,
24 yes.

25 Q On the second page, the bank

1 Herman Segal

2 Exhibit No. 12, which has been identified
3 as an e-mail exchange between Alan Spiegel
4 and folks at Berkshire Settlements, which
5 acted as the originator for the purchase of
6 this policy in 2010.

7 First of all, on the top of the
8 first page of Exhibit 12 of the signature
9 block, under Mr. Alan Spiegel's e-mail,
10 references R&S Capital Group LLC.

11 Do you know -- are you familiar
12 with that entity?

13 A Yes.

14 Q What is it?

15 A It's an entity that Alan Spiegel
16 owned.

17 Q Okay. Did you have any ownership
18 in R&S Capital Group or any interest
19 whatsoever?

20 A There was a point in time when he
21 had bought several policies from HM Ruby or
22 at least had bought their interest in the
23 policy and it's possible that pursuant to
24 that purchase we had some interest in R&S
25 Capital. But other than that, no, I have

1 Herman Segal

2 A Yes, I believe that's his current
3 telephone number.

4 Q And his e-mail, right?

5 A Yes, that's one of his emails.

6 Q So as this document indicates,
7 this was -- these forms were filled out in
8 September 2010.

9 Does this refresh your memory
10 that this Sara Sprei Lincoln National
11 policy was sold to Berkshire Settlements in
12 a life settlement transaction in or about
13 September/October 2010?

14 A Well, as recently as several
15 months ago, I had no recollection of this
16 policy being sold at all and I was made
17 aware of some of these e-mails that I was
18 somehow involved and I was made aware of
19 these e-mails by people who wanted me to
20 try to put pressure on Dr. Inzlicht to walk
21 away from this case. And at that time, I
22 actually suspected that they were
23 forgeries.

24 However, since then, it's come to
25 my -- not through memory, but just from

1 Herman Segal

2 seeing some of these things, that perhaps I
3 was aware at the time that the policy was
4 sold.

5 Q And who were these people that
6 were trying to put pressure on you to
7 persuade Dr. Inzlicht-Sprei to walk away
8 from this case several months ago?

9 A It was some people in the
10 community who felt that it was opening a
11 can of worms, so to speak, to have this
12 action go forward.

13 Q And you knew who they were,
14 right?

15 A Yes.

16 Q And you spoke with them
17 personally or on the phone or some other
18 way?

19 A Both.

20 Q How many people are we talking
21 about?

22 A Three, four.

23 Q How -- how long -- during what
24 period of time did these communications
25 take place?

1 Herman Segal

2 hold on one second. Hold on.

3 MR. SAWICKI: Sure.

4 MR. KROLL: Okay. Got it.

5 MR. SAWICKI: All right. Great.

6 MR. KROLL: Did you do this
7 before?

8 MR. SAWICKI: No, there's two
9 Centurion Settlements, there's an LTD
10 and an LCC -- LLC. So I just wanted
11 to clean this up.

12 MR. KROLL: Oh, okay. Which one
13 are you marking it LLC or LTD?

14 MR. SAWICKI: 148 is LLC.

15 MR. KROLL: Okay. Got it.

16 Thanks so much.

17 BY MR. SAWICKI:

18 Q Sure. Mr. Segal, can you
19 identify Exhibit No. 48 -- strike that.

20 I will represent to you that this
21 is a -- 148 is a New York Department of
22 State Division of Corporations entity form
23 for Centurion Settlements LLC.

24 Is Centurion Settlements LLC
25 another entity that you created and were

1 Herman Segal

2 involved in?

3 A From the face of it, it appears
4 to be that I formed it, but I have no
5 recollection as to why. I can't even
6 imagine why I would do so and involved
7 in -- I have no recollection of being
8 involved with anything.

9 MR. SAWICKI: Okay. Gerry, next
10 we're going to Exhibit No. 19.

11 MS. GWOREK: That's got a date of
12 2010/09/30.

13 Q (Handing.)

14 A (Perusing.)

15 MR. KROLL: Got it. Thank you.

16 (Bates-stamped document BSI - LN
17 v. Sprei 00000180 through 185
18 previously marked for identification
19 as Exhibit 19 on 9/28/17.)

20 Q Mr. Segal, this Exhibit No. 19
21 has already been identified as a Viatical
22 Settlement Agent certificate in connection
23 with the Sara Sprei policy transaction.

24 Can you turn to the fourth page,
25 which is an insurance producer license for

1 Herman Segal

2 THE VIDEOGRAPHER: Sure. Okay.

3 The time now is approximately
4 3 p.m. We're going off the record.

5 (A short recess was taken.)

6 THE VIDEOGRAPHER: Good
7 afternoon. The time now is
8 approximately 3:14. We're back on the
9 record. It's the beginning of
10 Media 3.

11 MR. SAWICKI: Thank you, Tom.

12 BY MR. SAWICKI:

13 Q Mr. Segal, do you know a person
14 named Joseph Havas, H-A-V-A-S?

15 A I do not, no.

16 Q To the best of your memory, have
17 you ever had any business dealings with
18 Joseph Havas?

19 A No, I'm sure I have not.

20 Q Do you know whether that person
21 is related by blood or marriage to
22 Dr. Inzlicht-Sprei?

23 A No. Like I said, I never heard
24 the name, don't know anything about it.

25 Q Take a look through Exhibit 151.

1 Herman Segal

2 (158-page document was marked for
3 identification as Exhibit 151 as of
4 this date.)

5 A Do I have it?

6 MR. KROLL: Can you tell me the
7 name of that document again, please?

8 MR. SAWICKI: It's November 10,
9 2010. It's the sales document package
10 with the cover e-mail.

11 A Okay.

12 MR. KROLL: Oh, I got it. Sorry
13 about that. Thank you.

14 Q Mr. Segal, Exhibit No. 151 is
15 a -- an e-mail from Alan Rubenstein to your
16 son and you enclosing the sales
17 documentation package for this policy.

18 Can you confirm that
19 HermanSega@aol.com was your e-mail address
20 in November 2010?

21 A Yes, it was. But can you please
22 tell me which page I'm going to?

23 Q The first page, the very first
24 page is the e-mail cover.

25 A Where it says "please see

1 Herman Segal

2 attached"?

3 Q Yes. Right above that is e-mail
4 addresses.

5 A (Perusing.)

6 Q To answer my question, was that
7 your e-mail address in 2010?

8 A I know when I switched over, but
9 I'm sure in 2010 I still had that e-mail
10 address that I was using for certain
11 things, yes.

12 Q And WilliamJSegal@gmail.com was
13 your son's e-mail address at the time, too,
14 right?

15 A Yes, that's correct.

16 Q Does this refresh your memory
17 that Alan Rubenstein sent you a copy of the
18 Sara Sprei policy sales documentation
19 package in November 2010?

20 A No, it does not. And I wouldn't
21 guarantee that it did, but there's no
22 reason to think he didn't if the other
23 things were as they were and maybe I opened
24 it. Maybe not.

25 I mean, at that point, I know I

1 Herman Segal

2 wasn't trusting and believing him, so I
3 assume that he did this to show me that he
4 was being transparent.

5 MS. GWOREK: Gerry, we're going
6 to go to another e-mail. This one's
7 dated 2010/11/21.

8 (One-page e-mail dated 11/21/10
9 was marked for identification as
10 Exhibit 152 as of this date.)

11 MR. KROLL: 11/21/2010.

12 MS. GWOREK: Right. It's Sprei
13 funds due.

14 A (Perusing.)

15 MR. KROLL: Got it. It's
16 Exhibit 62, right?

17 MR. SAWICKI: I think it's a new
18 one.

19 MS. GWOREK: It's the one right
20 below that.

21 MR. KROLL: Oh, I see.

22 MS. GWOREK: AR 237 is the Bates
23 stamp.

24 MR. KROLL: Okay. Great.

25 I have it now, thank you.

1 Herman Segal

2 to go with this one and then I'm going
3 to add 69, 70, 71 and 72.

4 MR. KROLL: Okay. Hold on.

5 MR. SAWICKI: 68 through 72.

6 MR. KROLL: And 67. What's next
7 Todd, after 67.

8 MR. SAWICKI: 68.

9 MR. KROLL: The whole thing?

10 MR. SAWICKI: Yeah. (Handing.)

11 A (Perusing.)

12 (Documents previously marked for
13 identification as Exhibits 67 through
14 72 on 10/20/17.)

15 Q Mr. Segal, you'll take a look
16 through Exhibit Nos. 67, 68, 69, 71 and 72.

17 A Yes. (Perusing.)

18 Q Can you confirm for me that this
19 is a series of e-mails and related
20 documents that you exchanged or sent to
21 Dr. Inzlicht concerning your request that
22 he invest in policies in the name of the
23 insured Cilya Weinberger?

24 A Yes, that's correct.

25 Q In 2014?

1 Herman Segal

2 A Yes.

3 Q Why did you offer these

4 policies -- investment opportunity to

5 Dr. Inzlicht at this time?

6 A I needed money and his wife, I

7 believe, had called about making a match

8 for my son with someone, she's an amateur

9 matchmaker, and in the course of the

10 conversation, she mentioned that she was

11 looking to invest in something and I

12 suggested this policies and I sent her the

13 e-mails as such.

14 Q Okay. And what -- what happened

15 in -- what was their response to your

16 request or your proposal?

17 A They said they had no interest

18 and that was the end of it.

19 Q Okay.

20 MR. SAWICKI: Hey, Gerry, we

21 found a few additional documents in

22 the record that we want to use as

23 exhibits and Mel is going to e-mail

24 them to you.

25 MR. KROLL: Oh, okay.

1 Herman Segal

2 Exhibit 42 on 10/20/17.)

3 A (Perusing.)

4 Q Mr. Segal, Dr. Inzlicht-Sprei has
5 identified Exhibit No. 42 as a copy of the
6 letter that he sent in to August -- sent
7 into Lincoln National dated August 28, 2016
8 making a claims -- claim to the policy and
9 providing a last will and testament of his
10 mother to Lincoln.

11 Do you see that?

12 A Yes, but I believe this was
13 subsequent to the initial claim.

14 Q Right. The initial claim was
15 dated in August of 2016 and then this
16 letter came afterwards?

17 A Well, they -- I believe Lincoln
18 had responded -- he had told me that
19 Lincoln had responded by saying that they
20 couldn't give him any information about
21 anything unless he had some nexus to
22 something, so I believe that that was the
23 point of this letter.

24 Q Okay. Did you help
25 Dr. Inzlicht-Sprei prepare this August 28,

1 Herman Segal

2 2016 letter, Exhibit 42?

3 A Probably.

4 Q Once it became apparent that
5 Lincoln was not going to pay the policy
6 proceeds to Dr. Inzlicht-Sprei, did you
7 provide him with advice as what to do?

8 A No, no. I only did -- was tell
9 him to send a letter to Lincoln so they
10 shouldn't pay out the money. And
11 subsequent to that, I told him to speak to
12 his -- I think it was his son-in-law or his
13 son, who worked for Ira and told him he
14 should do what he thinks is right.

15 Q And who is his son or son-in-law?

16 A An attorney who worked for Ira.

17 Q Did you -- did you connect
18 Dr. Inzlicht-Sprei to Jerry Kroll at any
19 point in time?

20 A I did not, no.

21 Q Mr. Segal, we've identified
22 several specific policies that you and your
23 partners were involved in. The Bergman
24 case, the Baum case, the Sprei case, and
25 some others.

1 Herman Segal

2 Q You just said that in your
3 opinion, nothing could be done.

4 How did you know that nothing
5 could be done if you didn't try selling the
6 policy?

7 A Well, first of all, this was not
8 the only policy. There were other policies
9 and we saw the market was not there. Plus
10 Alan Spiegel, who was acting as a
11 settlement broker at the time, told us that
12 there was no money available -- there were
13 no buyers, certainly not something that was
14 saddled with loans like the Sprei policy
15 was.

16 Q So then, in your opinion, it
17 wasn't even worth trying to sell the
18 policy?

19 A Well, I told Alan -- I don't
20 recall the conversation, but I'm sure he
21 was told to try to sell it.

22 Q When you say you're sure, why are
23 you sure?

24 A Because that's what we were
25 doing. But all the policies either we had

1 Herman Segal

2 to make premiums on or we were being
3 squeezed by our lender to hand them over,
4 so we had a ticking time bomb situation, we
5 would lose the policies.

6 Q We talked earlier about a
7 handwritten agreement that you had with
8 Dr. Inzlicht-Sprei, correct?

9 A Yes.

10 Q Now, you mentioned that there was
11 something that was not actually written in
12 that agreement, which was that -- but it
13 was part of the deal that he was supposed
14 to get 10 percent upon death instead of
15 5 percent, right?

16 A Yes.

17 Q Was there anything else that you
18 had agreed with Dr. Inzlicht-Sprei about
19 that was not embodied in that agreement?

20 A Well, we basically had an
21 understanding that he would get some profit
22 out of this, that he wasn't just doing this
23 just for our benefit, that he was supposed
24 to benefit from this.

25 Q Was there anything else that's

1 Herman Segal

2 you know, we're looking at every solution
3 and then there came a point when he was
4 told that the policy was gone.

5 Q What solutions did you discuss
6 with him?

7 A None.

8 Q During that conversation, did he
9 ever tell you that he would want to pay
10 back the HM Ruby loan and take over the
11 policy?

12 A No, he did not.

13 Q Did he ever express any interest
14 at all in taking over the policy?

15 A I never thought to ask him if
16 he -- if he wanted to do that because I
17 didn't know that the policy was that
18 imminent of being taken away.

19 Q If Dr. Inzlicht had chosen --
20 Inzlicht-Sprei had chosen to take over the
21 policy and you mentioned earlier that --
22 that he had that option, what would have
23 happened with the HM Ruby loan that was
24 outstanding?

25 MR. KROLL: Objection.

1 Herman Segal

2 Incomplete hypothetical, lacks
3 foundation, calls for speculation.

4 A He would have had to pay them
5 back or enter into some agreement with
6 them.

7 Q Do you know approximately what
8 the -- what the amount due at that time was
9 to HM Ruby?

10 A At the time I didn't know. But
11 based on the numbers I see now, it was
12 about 3 million.

13 Q Do you know whether Dr. Inzlicht
14 had \$3 million or had access to \$3 million
15 at that time to pay back -- to pay back
16 that loan?

17 MR. KROLL: Objection. No
18 foundation. Facts not in evidence,
19 calls for speculation, calls for a
20 conclusion.

21 A I do not and I did not.

22 Q What would have happened if HM
23 Ruby's loan was not repaid?

24 A Well, they never really had
25 the -- the mechanism for taking back the

1 Herman Segal

2 policy. It was my understanding that it
3 was -- it was always -- they had a model
4 when they started this was that they would
5 use their trustees. And I believe the
6 language of the policies of the -- of the
7 agreement of the finance agreement said
8 that if it's not repaid at the end of the
9 24 months plus three-month grace period
10 that the policy is deemed to have been
11 handed over.

12 So I assume that they could just
13 call the trustee and say, all right, you
14 know, it's our policy now, it's for our
15 benefit. I don't know.

16 Q Did you have an agreement with
17 Dr. Inzlicht-Sprei as to how much money you
18 were supposed to be making in connection
19 with the policy?

20 A No.

21 Q Do you know if anyone else did?

22 A No.

23 Q Did you have an agreement with
24 anybody else as far as how much money you
25 were going to be making in connection with

1 Herman Segal

2 A Of what?

3 Q Of the proceeds, right, that you
4 just testified that you were -- you had a
5 split, you would get 50/50 with the
6 Spiegels on the proceeds and my question is
7 why?

8 What is it, if anything, that you
9 were doing in connection with the policy or
10 that they were supposed to do in connection
11 with the policy?

12 A If the policy was procured or the
13 policy was disposed of?

14 Q Well, at -- at any time.

15 A I don't understand the question.
16 Why we were getting half or why they were
17 getting half?

18 Q Well, you said they were getting
19 half because they brought the insured to
20 the table. So now my question is: Why
21 were you getting half?

22 A For -- it was our business, we
23 had introduced them to it. We were the
24 ones who actually wrote the policy.

25 Q Did you have any roles or

1 Herman Segal

2 responsibilities at all in connection with
3 the Sprei policy?

4 A When it was originated?

5 Q At any point in time.

6 A Well, when it was originated, our
7 responsibilities were to get the policy
8 done that was financeable and could be sold
9 at a profit.

10 Q And after the policy was issued,
11 did you have any other ongoing
12 responsibilities?

13 A No.

14 Q Did you ever speak to the insured
15 Sara Sprei?

16 A No.

17 Q Did you ever have any written
18 communications with her?

19 A No. The proverbial, I wouldn't
20 know if she had bit me on the lip.

21 Q Okay. You testified earlier that
22 you don't know somebody by the name of
23 Joseph Havas and that you didn't do any
24 business with him, correct?

25 A Yes.

1 Herman Segal

2 A Well, I don't have much of a
3 recollection. But in the recesses of my
4 mind, at that point, I believe the policy
5 had been, I guess, disposed of and that he
6 had the funds.

7 Q Did you know of any reason why he
8 would have the funds?

9 A I don't know if I knew that he
10 had become the trustee or if he had somehow
11 gotten them, no, I do not.

12 Q Okay. So when you learned at the
13 time that the policy had been disposed of,
14 did you have a discussion with Dr. Inzlicht
15 about that?

16 A No.

17 Q Is there a reason why you never
18 called him?

19 A Yes.

20 Q And what was that reason?

21 A Because I was not going to be put
22 in a position where I would have to lie to
23 him.

24 Q Did Signature Capital Group have
25 a bank account at Santander Bank?

1 Herman Segal

2 Q So then the answer is no, you
3 never searched that account for e-mails?

4 A That's correct.

5 Q What about the other e-mail
6 account Segal Herman@gmail.com, do you
7 still have access to that e-mail account?

8 A I do.

9 Q Did you search that e-mail
10 account for e-mails related to this case?

11 A I did not.

12 Q Is there a reason why not?

13 A Same reason. It was way too
14 broad. And there was no reason for it
15 because they had access to it through the
16 bankruptcy trustee.

17 Q Did you ever serve any written
18 objections to any of those demands?

19 A No.

20 Q Do you know whether you still
21 have e-mails in those accounts dating back
22 to 2010?

23 A I don't believe so.

24 Q And what, if anything, happened
25 to them?

1 Herman Segal

2 A I wouldn't have kept files going
3 back that many years.

4 MR. PANETH: I'm sorry, can you
5 read back the answer.

6 (Answer was read back by the
7 court reporter.)

8 Q And is there a reason why you
9 wouldn't have kept files going back that
10 many years?

11 A I have an IRS situation and I
12 certainly don't need e-mails that could be
13 incriminatory.

14 Q What do you mean when you say you
15 have an IRS situation?

16 A About two, three years ago I was
17 informed that I was under investigation by
18 the Criminal Division of the Internal
19 Revenue Service and --

20 Q And at that time you deleted
21 e-mails?

22 A Probably.

23 Q Were there any particular e-mails
24 that you deleted or --

25 A Just the entire years.

1 Herman Segal

2 MR. SAWICKI: Gerry, Mr. Segal is
3 asking the court reporter to go back
4 to that passage if you want, I don't
5 know if you want to or not, or she
6 wants to.

7 A I don't recall using that word,
8 but if I did, I will be happy to explain
9 it.

10 MR. SAWICKI: Brittany says she
11 could do it, which is why she is such
12 an awesome court reporter on the
13 record.

14 MR. KROLL: Okay. Thank you,
15 Brittany.

16 (Requested part of the record was
17 read back by the court reporter.)

18 Q What did you mean when -- what
19 you originally thought was a conspiracy was
20 actually what went down at the time. What
21 did you mean by that?

22 A Well, when I was confronted by
23 the various peoples who tried to stop the
24 lawsuit from continuing and they told me
25 that I was involved with getting money when

1 Herman Segal

2 the policy was sold and I knew about it,
3 because I didn't have any recollection of
4 it, I denied it. And then they showed me
5 e-mails, at which point they thought that
6 perhaps -- that that was somehow just, you
7 know, made up e-mails. But in actuality, I
8 realized that I was involved with the sale
9 in 2010.

10 Q Okay. Let me direct your
11 attention, then, to Exhibit 44.

12 Tell me when you have the
13 document in front of you, please.

14 A (Perusing.) Can you tell me which
15 144 is?

16 Q It's the statement of net worth
17 document.

18 A Oh, way back when.

19 Q Correct.

20 A Just 44, not 144.

21 Q Let me take a look.

22 No, I don't believe it's 144. I
23 think in my end Exhibit 144 --

24 A Okay. I think I'm getting there,
25 one second.

1 Herman Segal

2 Q -- it's --

3 A Can you give me some --

4 Q -- it's a statement -- it's
5 statement of net worth, Sara Sprei Family
6 Statement of Net Worth as of December 31,
7 2007.

8 A Can you give me some exhibits
9 surrounding it so I should be able to find
10 it?

11 MR. KROLL: Can the reporter show
12 the witness Exhibit 44, please.
13 It's --

14 MR. SAWICKI: It should be
15 relatively early in the deposition.

16 A I got it. Thank you.

17 Q Okay. Thank you.

18 Just take a look -- you were
19 asked earlier by counsel about this
20 document, which purports to be some type of
21 statement of net worth with the Sprei
22 family as of that date.

23 It's true, sir, that you don't
24 have any reason to believe that Sara Sprei
25 was involved in creating this document, do

1 Herman Segal

2 you?

3 A No. No. We -- we -- we

4 traditionally did not require the family to
5 show the net worth that we needed to write
6 the policy because it was rare for them to
7 actually have such a net worth.

8 Q And it's also true that you don't
9 have any reason to believe that Eli
10 Inzlicht-Sprei was involved in -- in any
11 way in the creation of that document, true?

12 A That is -- that is correct, yes.

13 Q Thank you.

14 In connection with the Sara Sprei
15 Family Trust, you were asked earlier who
16 drafted it. Leaving aside who drafted it,
17 you understood that there was a trust that
18 was the owner of the policy when the policy
19 was originally procured, correct?

20 A Yes.

21 Q And is it also true that the
22 agreement that you -- "you" meaning
23 Signature Capital had, that's reflected by
24 Exhibit 40, that Signature Capital
25 controlled the trust, the Sara Sprei Family

1 Herman Segal

2 Trust?

3 A Well, not on paper, but yes, in
4 reality, the trustee took instructions from
5 us, if we needed to -- to take out a
6 paragraph or put in a paragraph or change
7 anything, yes, that is correct.

8 Q In other words, Signature Capital
9 was managing, controlling, running this
10 entire policy, correct?

11 A Yes.

12 Q Just one moment.

13 Now, earlier, in response to
14 questioning by Mr. Paneth, he was asking
15 about documentation that you had and I
16 thought I heard you say that Wells Fargo
17 had access to your documents; is that true?

18 A Well, the bankruptcy trustee had
19 the copied my computer, so Wells Fargo, I
20 told Wells Fargo that they can get it from
21 him and -- yes, it is true.

22 Q Okay. And -- and when did you
23 have this -- well, strike that.

24 Who at Wells Fargo did you have
25 this communication with about contacting

C E R T I F I C A T I O N

STATE OF NEW YORK)

: ss.:

COUNTY OF NEW YORK)

I, BRITTANY SALINE, a Notary Public for and within the State of New York, do hereby certify:

That the witness whose testimony as herein set forth was duly sworn by me.

I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.

IN WITNESS WHEREOF, I have hereunto set my hand this 27th day of December, 2017.



BRITTANY SALINE